

## Message Text

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51

ACTION IO-14

INFO OCT-01 ADP-00 EB-11 AID-20 AF-10 ARA-11 EA-11 EUR-25

NEA-10 RSC-01 OIC-04 OMB-01 TRSE-00 ABF-01 IGA-02

PC-15 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03 NSAE-00

NSC-10 PA-03 PRS-01 SS-15 USIA-12 RSR-01 /201 W  
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TO SECSTATE WASHDC 0061

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TAGS EAID UNDP

SUBJ UNDP 16 TH GC - DECISION ON 77-81 IPF CRITERIA

REFS A) GENEVA 3082 B) GENEVA 2910

1. SUMMARY: ON JUNE 26 PLENARY OF GOVERNING COUNCIL APPROVED DECISION INVITING ADMINISTRATOR TO PROPOSE FURTHER ILLUSTRATIVE CALCULATIONS TO 17 TH SESSION BASED ON SPECIFIC GUIDELINES. DECISION EXPRESSES COUNCIL HOPE 17 TH SESSION WILL FINALIZE NEW CRITERIA FOR 77-81 PERIOD PURSUANT TO GA RESOLUTION 2972. BASIC CRITERIA FOR CALCULATING COUNTRY IPF'S REMAIN PER CAPITAL GNP AND POPULATION WITH: (1) AT LEAST 25 PERCENT OF COUNTRY IPF RESOURCES EARMARKED FOR LEAST DEVELOPED; (2) SIGNIFICANT IMPROVEMENT IN ALL OTHER COUNTRIES AT LOWER END OF PER CAPITA GNP SCALE; AND (3) IPF'S FOR ALL RECIPIENT COUNTRIES WITH PER CAPITA GNP ABOVE \$500 FROZEN AT 72-76 LEVELS. FOR PURPOSES OF NEW CALCULATIONS CONTRIBUTIONS ASSUMED TO GROW AT OVERALL ANNUAL RATE OF 9.6 PERCENT AND ALL RECIPIENTS OVER \$500 TO BECOME NET CONTRIBUTORS AS SOON AS POSSIBLE AND NOT LATER THAN END SECOND CYCLE. OVER TWO WEEKS OF UNCLASSIFIED

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PLENARY AND WORKING GROUP DISCUSSIONS WERE REQUIRED TO REACH COMPROMISE DECISION. UNDP SECRETARIAT HAS SAID DECISION IS MORE BALANCED THAN THEY HAD ANTICIPATED AND MORE SUPPORTIVE OF LOW INCOME COUNTRIES THAN THEY HAD EXPECTED. END SUMMARY.

2. ACTING PRESIDENT ( MARCUARD) CHAIRED WORKING GROUP FIRMLY OVER 1 1/2 WEEKS OF OFTEN HEATED DELIBERATIONS. COMPROMISE THAT SLOWLY EVOLVED REQUIRED INSURING ALL OTHER LOW PER CAPITA INCOME COUNTRIES SIGNIFICANT IMPROVEMENT IN THEIR 77-81 IPF'S OVER CURRENT 72-76 PERIOD, WHILE FREEZING IPF'S FOR COUNTRIES OVER \$500 PER CAPITA GNP AT 72-76 LEVEL. COUNTRIES IN OVER \$500 GROUP RELUCTANTLY ACCEPTED BOTH IPF FREEZE AND PLEDGE TO BECOME NET CONTRIBUTORS NLT 1981. TO REACH NET CONTRIBUTOR STATUS BY THAT DATE, MANY COUNTRIES' VOLUNTARY CONTRIBUTIONS WILL NEED TO INCREASE APPROXIMATELY 30 PERCENT EACH YEAR. ALTERNATIVELY, HIGHER LEVEL COUNTRIES CAN VOLUNTARILY ACCEPT LOWER IPF'S, THEREBY BECOMING NET CONTRIBUTORS AT A LOWER MAGNITUDE OF ANNUAL VOLUNTARY CONTRIBUTIONS. IN ANY CASE, DECISION RECONFIRMS COUNCIL CONSENSUS THAT RECIPIENT COUNTRIES WITH RELATIVELY HIGH LEVEL PER CAPITA GNP SHOULD BECOME NET CONTRIBUTORS AS SOON AS POSSIBLE. SOME DELEGATIONS ( NORDIC COUNTRIES) EXPRESSED DESIRE REQUEST ADMINISTRATOR FORMALLY AT 17 TH SESSION TO DEVELOP COMPREHENSIVE PLAN FOR SHIFTING NET RECIPIENTS ABOVE \$500 PER CAPITA TO NET CONTRIBUTOR STATUS REPIDLY AND TO KEEP GC INFORMED OF PROGRESS AT EACH FUTURE SESSION.

3. SUPPLEMENTARY CRITERIA RESOURCES REMAIN 7.5 PERCENT OF DISTRIBUTED COUNTRY IPF'S. AT LEAST 25 PERCENT WILL GO TO LEAST DEVELOPED AND LARGE PERCENTAGE WILL BE DISTRIBUTED TO OTHER LOW INCOME COUNTRIES. COMPROMISE WILL REQUIRE SOME OF THESE RESOURCES TO BE ALLOCATED TO COUNTRIES WITH FROZEN IPF'S IN ORDER TO MAINTAIN FLOOR, I. E., NO DECREASE IN IPF'S. UNDP SECRETARIAT MENTIONED INFORMALLY TO US DELEGATE THAT MECHANISM FOR RANKING COUNTRIES AS TO ELIGIBILITY TO RECEIVE SUPPLEMENTARY CRITERIA WOULD BE ESTABLISHED WITHIN UNDP THIS SUMMER WITH ACTIVE PARTICIPATION OF REGIONAL ASST. ADMINISTRATORS. SHOULD 17 TH SESSION FINALIZE CRITERIA, UNDP WOULD PLAN

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PRESENT FIRM 77-81 IPF'S AT 19 TH SESSION, I. E., TWO YEARS PRIOR START OF SECOND PROGRAMMING CYCLE. BASSIN

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\*\*\* Current Handling Restrictions \*\*\* n/a

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